

ORIGINAL

"LODGED"

1 DAVID R. WEINSTEIN (State Bar No. 082881)  
2 DEBORAH H. EISEN (State Bar No. 110440)  
3 ALEXANDRA P. OLENCZUK (State Bar No. 172937)  
4 WEINSTEIN, EISEN & LEVINE  
5 A Professional Corporation  
6 1925 Century Park East, Suite 1150  
7 Los Angeles, California 90067-2712  
8 Telephone (310) 203-9393  
9 Facsimile (310) 203-8110

10 Attorneys for Dennis M. Murphy, Chapter 7 Trustee

11 UNITED STATES BANKRUPTCY COURT  
12 CENTRAL DISTRICT OF CALIFORNIA  
13 SANTA ANA DIVISION

14 In re

15 FIRST LENDERS INDEMNITY  
16 CORPORATION,

17 Debtor.

18 Bk. No. SA 97-16576-RA  
19 [Chapter 7]

20 ORDER RE: TRUSTEE'S MOTION  
21 (1) TO EMPLOY AND COMPENSATE  
22 UNIVERSAL ACCOUNTS, INC. AND  
23 TO ENTER INTO CONTRACT FOR  
24 COLLECTION SERVICES; AND (2) FOR  
25 AUTHORITY TO COMPROMISE  
26 CONTROVERSIES WITH  
27 DELINQUENT AUTOMOBILE LOAN  
28 BORROWERS

DATE: February 22, 2000  
TIME: 11:30 a.m.  
PLACE: Courtroom 6-C  
411 West Fourth Street  
Santa Ana, CA 92701

AT SANTA ANA, IN THIS DISTRICT, ON \_\_\_\_\_, 2000.

The Trustee's Motion (1) to Employ and Compensate Universal Accounts, Inc.  
and to Enter into Contract for Collection Services; and (2) for Authority to  
Compromise Controversies with Delinquent Automobile Loan Borrowers (the  
"Motion") was heard on February 22, 2000 at 11:30 a.m. in the above-captioned  
Court, the Honorable Robert Alberts, United States Bankruptcy Judge, presiding.

Alexandra P. Olenczuk of Weinstein, Eisen & Levine, a Professional Corporation, appeared on behalf of Dennis M. Murphy, Chapter 7 Trustee (the "Trustee"). Pamela S. Palmer of Latham & Watkins, appeared on behalf of SunTrust Banks of Florida, Inc. and SunTrust Bank Central Florida, N.A. ("SunTrust"). Melody Williams Dapp of Pillsbury, Madison & Sutro, LLP appeared on behalf of Bank One, Texas, N.A., in its capacity as Trustee under that certain Indenture dated as of December 21, 1994, as amended and restated by that certain Amended and Restated Indenture dated as of August 6, 1996 ("Bank One"). There were no other appearances.

The Court, having considered the Motion, hereby ORDERS:

1. The Motion is granted by default;

2. The *Contract for Collection Services* (the "Contract") attached as Exhibit "1" to the *Memorandum of Points and Authorities in Support of Trustee's Motion (1) To Employ and Compensate Universal Accounts, Inc. and to Enter into Contract for Collection Services; and (2) For Authority to Compromise Controversies With Delinquent Automobile Loan Borrowers* (the "Memorandum") is approved;

3. The Trustee is hereby authorized to assign the motor vehicle deficiency accounts listed in Exhibit "A" to the Contract (the "Inactive Accounts") to Universal Accounts, Inc. ("UAI") for collection purposes only. The Inactive Accounts shall at all times remain property of the estate;

4. Bank One and SunTrust (collectively, the "Banks") claim to have security interests in the Auto Contracts. Specifically, Bank One claims to have a security interest in the contracts referred to as "pool 130", and SunTrust claims to have a security interest in the contracts referred to as "pool 134". The Banks have consented to the employment of UAI as collection agent for the Inactive Accounts. Any liens, encumbrances, claims and interests of the Banks in the Inactive Accounts and the proceeds therefrom existing as of the petition date shall attach to the Inactive Accounts and the net-proceeds therefrom (after payment of UAI's fees) with the same validity and priority and subject to the same defenses and counterclaims as

1 existed on the date of the election of the Trustee. Nothing contained herein shall be  
2 deemed to impair or otherwise affect any parties' rights against any other parties,  
3 and all such rights are reserved;

4 5. Copies of all notices and reports issued by UAI or the Trustee  
5 regarding the Inactive Accounts or the Contract will be promptly forwarded to the  
6 Banks by the Trustee;

7 6. UAI will maintain its records in such a way that at all times the  
8 Trustee and the Banks will be able to determine which Inactive Accounts belong to  
9 pool 130 and which to pool 134;

10 7. The Trustee will make the contracts for the Inactive Accounts in his  
11 possession available for inspection by the Banks during regular business hours, upon  
12 reasonable request to the Trustee;

13 8. Any auto loan proceeds collected by UAI or the Trustee will be  
14 deposited into a segregated, interest bearing account held by the Trustee. Within ten  
15 (10) business days following the receipt of money from UAI, the Trustee will pay  
16 UAI's fees from the amounts recovered. The remaining funds received from UAI (the  
17 "net-recovery" or "net proceeds") will remain in the segregated account. At least  
18 every six (6) months commencing from the entry of an order approving this Motion  
19 (or more frequently, depending upon the amount of net proceeds in the segregated  
20 account, as described below), the Trustee will reconcile and divide the net-recovery as  
21 coming from Auto Contracts in which Bank One claims an interest versus those in  
22 which SunTrust claims an interest, and will transfer the amounts as reconciled into  
23 the respective accounts established pursuant to the *Stipulation Between Omni, Bank*  
24 *One and Chapter 7 Trustee re: Investment of Funds Held By Omni; Order Thereon*  
25 *entered December 30, 1997, and the Stipulation Between Omni, SunTrust Bank and*  
26 *Chapter 7 Trustee re: Investment of Funds Held By Omni; Order Thereon entered*  
27 *January 28, 1998 (the "Joint Account Stipulations"). If on the last day of any*  
28 *calendar month the amount of net proceeds in the segregated account totals*

1 \$10,000.00 or more, the Trustee will perform a reconciliation at that time. The net  
2 proceeds will remain in the respective Joint Accounts (and may be invested as  
3 provided by the Joint Account Stipulations) pending the outcome of the adversary  
4 proceedings between the banks and the Trustee (adv. nos. SA 97-2085-RA, SA 97-  
5 2131-RA, and SA 99-1291-RA) and further order of this Court;

6 9. The Trustee and UAI (with the Trustee's consent) are authorized to  
7 enter into compromises with auto loan borrowers on the Inactive Accounts without  
8 further order from the Court pursuant to Fed.R.Bankr.P. 9019(b). No such  
9 compromises shall in any way affect the Banks' alleged security interests described  
10 in paragraph 4 above.

11 10. Except upon further order of the Court, the Trustee will not take any  
12 action with respect to the proceeds except as is provided in this Order;

13 11. The Trustee is authorized to execute any and all documents and take  
14 such actions as may be reasonable to consummate the Contract and any compromises  
15 with the auto loan borrowers on the Inactive Accounts.

16 12. The Trustee must serve copies of this Order and the Notice of Motion  
17 and Motion (the "Notice of Motion and Motion") upon all persons and entities  
18 referenced in Federal Rule of Bankruptcy Procedure 2002(h) who were not previously  
19 served with the Notice of Motion and Motion within ten (10) days of the date of entry  
20 of this Order. The Trustee shall file a proof of service showing such service has been  
21 timely made within five (5) days of the date of service of the Order and Notice of  
22 Motion and Motion. The persons and entities referenced in Federal Rule of  
23 Bankruptcy Procedure 2002(h) who were not previously served with the Notice of  
24 Motion and Motion shall have twenty (20) days after the date of service of the Order  
25 and Notice of Motion and Motion within which to file an appropriate motion seeking

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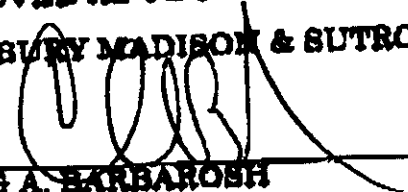
1 reconsideration. Failure to seek reconsideration will be taken as consent to the  
2 granting of the Motion, and if no motions for reconsideration are timely filed, this  
3 Order will be final.

4  
5 3-8-00

  
THE HONORABLE ROBERT W. ALBERTS  
UNITED STATES BANKRUPTCY JUDGE

6  
7  
8 APPROVED AS TO FORM AND CONTENT:

9 PILLSBURY MADISON & SUTRO LLP

10  
11 By:   
12 CRAIG A. BARBAROSH  
Counsel for Bank One

13  
14 LATHAM & WATKINS

15  
16 By: \_\_\_\_\_  
17 ROBERT A. KLYMAN  
18 Counsel for SunTrust Banks of Florida, Inc. and  
19 SunTrust Bank, Central Florida, N.A.

20  
21 By: \_\_\_\_\_  
22 KATHRYN J. BLACK  
23 Counsel for Universal Accounts, Inc.

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5 **THE HONORABLE ROBERT W. ALBERTS**  
6 **UNITED STATES BANKRUPTCY JUDGE**  
7

8 **APPROVED AS TO FORM AND CONTENT:**  
9 **PILLSBURY MADISON & SUTRO LLP**  
10

11 By: \_\_\_\_\_  
12 **CRAIG A. BARBAROSH**  
13 **Counsel for Bank One**

14 **LATHAM & WATKINS**  
15

16 By: \_\_\_\_\_  
17 **ROBERT A. KLYMAN**  
18 **Counsel for SunTrust Banks of Florida, Inc. and**  
19 **SunTrust Bank, Central Florida, N.A.**  
20

21 By: \_\_\_\_\_  
22 **KATHRYN J. BLACK**  
23 **Counsel for Universal Accounts, Inc.**  
24  
25  
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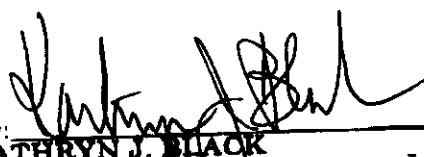
5 **THE HONORABLE ROBERT W. ALBERTS**  
6 **UNITED STATES BANKRUPTCY JUDGE**  
7

8 **APPROVED AS TO FORM AND CONTENT:**  
9 **PILLSBURY MADISON & SUTRO LLP**  
10

11 By: CRAIG A. BARBAROSH  
12 Counsel for Bank One  
13

14 **LATHAM & WATKINS**  
15

16 By: ROBERT A. KLYMAN  
17 Counsel for SunTrust Banks of Florida, Inc. and  
18 SunTrust Bank, Central Florida, N.A.  
19

20   
21 By: KATHRYN J. BLACK  
22 Counsel for Universal Accounts, Inc.  
23  
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**DECLARATION OF SERVICE BY MAIL**

I, LOURDES CRUZ, the undersigned, hereby declares:

I am employed in the County of Los Angeles, State of California by the firm of WEINSTEIN, EISEN & LEVINE, a Professional Corporation, 1925 Century Park East, Suite 1150, Los Angeles, California 90067-2712. I am over the age of 18 and not a party in the within action.

On February 28, 2000, I served the foregoing document described as

ORDER RE: TRUSTEE'S MOTION (1) TO EMPLOY AND COMPENSATE UNIVERSAL ACCOUNTS, INC. AND TO ENTER INTO CONTRACT FOR COLLECTION SERVICES; AND (2) FOR AUTHORITY TO COMPROMISE CONTROVERSIES WITH DELINQUENT AUTOMOBILE LOAN BORROWERS

by placing a true and correct copy of each document thereof, enclosed in a sealed envelope, addressed as follows:

**[SEE ATTACHED SERVICE LIST]**

- ( x ) I am readily familiar with the business practice for collection and processing of correspondence for mailing with the United States Postal Service. I know that the correspondence is deposited with the United States Postal Service on the same day this declaration was executed in the ordinary course of business. I know that the envelope was sealed and, with postage thereon fully prepaid, placed for collection and mailing on this date, following ordinary business practices in the United States mailed at Los Angeles, California.
- ( ) Via Fax, I caused the above-referenced document(s) to be transmitted to the above-named persons.
- ( ) Via Messenger Delivery
- ( ) Via Overnight Mail
- ( ) (State) I declare under penalty of perjury under the laws of the State of California that the above is true and correct.
- ( x ) (Federal) I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

Executed on February 28, 2000 at Los Angeles, California.

  
LOURDES CRUZ



SERVICE LIST

Counsel for Bank One

Craig A. Barbarosh  
Pillsbury Madison & Sutro LLP  
650 Town Center Drive, 7th Floor  
Costa Mesa, CA 92626-7122

Counsel for SunTrust Banks of Florida, Inc.

Robert A. Klyman  
Pamela S. Palmer  
Latham & Watkins  
633 West Fifth Street, Suite 4000  
Los Angeles, CA 90071-2007

U.S. Trustee

Michael Hauser  
Office of the United States Trustee  
411 West Fourth Street, 9th Floor  
Santa Ana, CA 92701

Trustee

Dennis M. Murphy, Trustee  
2235 N. Lake Avenue, Suite 205  
Altadena, CA 91001-2465

Attorneys for Debtor

Marc J. Winthrop  
Peter Lianides  
Winthrop Couchot  
3 Civic Plaza, Suite 280  
Newport Beach, CA 92660

Counsel for Universal Accounts, Inc.

Kathryn J. Black  
690 East Green St., Ste. 300  
Pasadena, CA 91101

Attorneys for Omni Financial

Daniel E. Martyn, Jr.  
Diana S. Ponce-Gomez  
Danner & Martyn, LLP  
P. O. Box 7029  
Thousand Oaks, CA 91359-7029

**UNITED STATES BANKRUPTCY COURT  
CENTRAL DISTRICT OF CALIFORNIA**

In re

**FIRST LENDERS INDEMNITY  
CORPORATION, a Florida  
corporation,**

Debtor.

Bk. No. SA 97-16576-RA  
[Chapter 7]

**NOTICE OF ENTRY OF JUDGMENT  
OR ORDER AND CERTIFICATE OF  
MAILING**

TO ALL PARTIES IN INTEREST ON THE ATTACHED SERVICE LIST:

You are hereby notified, pursuant to Bankruptcy Rule 9022 and Local  
Bankruptcy Rule 9021-1(1)(a)(v) that an order or judgment entitled ORDER RE:  
TRUSTEE'S MOTION (1) TO EMPLOY AND COMPENSATE UNIVERSAL  
ACCOUNTS, INC. AND TO ENTER INTO CONTRACT FOR COLLECTION  
SERVICES; AND (2) FOR AUTHORITY TO COMPROMISE CONTROVERSIES  
WITH DELINQUENT AUTOMOBILE LOAN BORROWERS was entered on \_\_\_\_\_

**MAR 6 8 2000**

I hereby certify that I mailed a copy of this notice and a true copy of the order  
or judgment to the persons and entities on the attached service list on \_\_\_\_\_

**MAR 6 9 2000**

Dated:

**MAR 6 8 2000**

JON D. CERETTO, CLERK

By

**L. HANAVAN**

Deputy Clerk

**NOTICE OF ENTRY OF ORDER**

SERVICE LIST

Counsel for Bank One

Craig A. Barbarosh  
Pillsbury Madison & Sutro LLP  
650 Town Center Drive, 7th Floor  
Costa Mesa, CA 92626-7122

Counsel for SunTrust Banks of Florida, Inc.

Robert A. Klyman  
Pamela S. Palmer  
Latham & Watkins  
633 West Fifth Street, Suite 4000  
Los Angeles, CA 90071-2007

U.S. Trustee

Michael Hauser  
Office of the United States Trustee  
411 West Fourth Street, 9th Floor  
Santa Ana, CA 92701

Trustee

Dennis M. Murphy, Trustee  
2235 N. Lake Avenue, Suite 205  
Altadena, CA 91001-2465

Attorneys for Debtor

Marc J. Winthrop  
Peter Lianides  
Winthrop Couchot  
3 Civic Plaza, Suite 280  
Newport Beach, CA 92660

Counsel for Universal Accounts, Inc.

Kathryn J. Black  
690 East Green St., Ste. 300  
Pasadena, CA 91101

Attorneys for Omni Financial

Daniel E. Martyn, Jr.  
Diana S. Ponce-Gomez  
Danner & Martyn, LLP  
P. O. Box 7029  
Thousand Oaks, CA 91359-7029

Alexandra P. Olenczuk  
Weinstein, Eisen & Levine  
1925 Century Park East, Suite 1150  
Los Angeles, CA 90067-2712